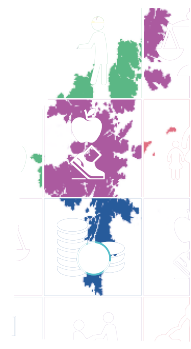


What does the 2025/26 Budget



Mean for Councils?

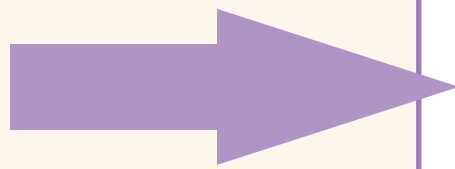
#FundLocallyBenefitNationally



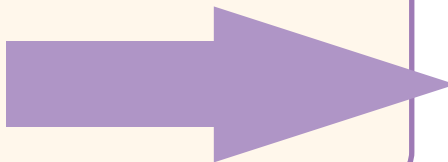
Additional Funding in 2025/26: The Tip of the Iceberg

The 2025/26 Budget is a **step in the right direction**, providing a small amount of additional uncommitted revenue and capital funding for Local Government. However, given the **unprecedented challenges** being faced by Local Government, this additional funding will not solve the crises being faced by our councils and our communities.

2025/26 Budget



**£289m
additional
revenue
and £48m
additional
capital
funding**



Budget Pressures

2024/25 Council Tax Freeze resulted in a shortfall in local revenue raising of between **£229 million and £417 million**

£392 million projected **budget gap in 2025/26** rising to a cumulative gap of **£780 million by 2026/27**

Annual teachers' pay bill of approximately **£3.8 billion**

£357 million funding gap for Health and Social Care Partnerships in 2023/24 – an **increase of 187%** from the projected funding gap in 2022/23

£265 million estimated direct cost to Local Government due to changes to **employer National Insurance contributions** in 2025/26

1% increase in pay for all Local Government pay bill is **£125 million** – **3% pay rise is more than the uncommitted funding**

There is only an **£11 million** increase in core capital budget, after the cut of 2024/25 is reversed. This means Local Government has **£777 million capital to support £55 billion worth of assets**.



Reality

The reality is that the additional funding provided in the 2025/26 Budget is only real terms protection – not an increase.

This represents a **small share of the funding required to reverse the impact of years of budget reductions and flat cash settlements**.

This Budget Will NOT:



Resolve the workforce capacity and recruitment crisis being experienced by councils across Scotland



Solve long-standing issues in social care associated with higher demand, rising operational costs, and efforts to reduce delayed discharge numbers



Present our councils with the necessary levels of capital funding to invest in, maintain, and decarbonise the Local Government estate and meet net zero targets in the process



Provide adequate funding for Local Government to cover additional costs as a result of changes to employer National Insurance contributions



Reverse long-standing cuts to non-statutory service areas key to the health and wellbeing of our communities, such as culture, leisure and street cleaning



The 2025/26 Budget remains a **DIFFICULT BUDGET** for Local Government and will not resolve the long-standing acute financial pressures being felt by Local Government

100% of respondents to the Local Government Information Unit survey in 2024 said they will be cutting council services, with 76% advising these cuts will be evident to the public.

The 2025/26 Budget will not reverse the impact of years of budget cuts on vital local services and facilities



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